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State of Montana



Governor's Policy Initiatives

Thomas L. Judge Governor



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State of Montana Office of The Governor Helena 59601

My Fellow Montanans:

During the first three years of this Administration, we have made significant progress in a variety of areas.

We have taken major strides toward providing sweeping tax relief to Montanans, particularly toward realization of the principle that every citizen should pay his fair share of the costs of public service.

We have made progress in improving agricultural productivity and opening up new markets for Montana farm products.

Since 1970, Montana has experienced rapid economic growth in the face of adverse national economic conditions, one major result being the creation of many new jobs in the private sector.

With the cooperation of the Forty-Fourth Legislature, the effort to increase community-based programs for our mentally ill and developmentally disabled citizens was initiated, thereby reducing our reliance on institutions for care and treatment. At the same time, improvements in the physical and staffing conditions in our institutions has also been accorded top priority.

We have worked with the Legislature to enact sweeping environmental protection statutes which, when vigorously enforced, will safeguard our environment while permitting the orderly development of our natural resources.

Important steps have been taken toward maintaining our senior citizens as independent and contributing members of their communities. This is an effort which I regard as being of critical importance and which will continue to receive special emphasis by this Administration.

Perhaps most significantly, major efforts geared to increase management efficiency in government have begun to bear fruit. Through the continuing process of Executive Reorganization and other similar measures, we can say with much more confidence than before that state government can deliver a dollar's worth of service for each tax dollar invested.

Finally, we believe that this is a "people's administration," and it should be so — for we are here to serve the people of Montana. The process of governmental modernization which is underway — including implementation of the 1972 Constitution, Executive Reorganization, and the current Voter Review process — is admirably accomplishing this purpose.

One of my major concerns as Governor has been a desire to create a sense of teamwork within the executive branch of government. It is important, I believe, for every individual in state government to feel that he or she is a part of a unified effort to make government work more effectively for the people of Montana.

In government, as in other large organizations, the pressure of day-to-day activity leaves too little time for in-depth evaluation of basic goals and objectives. In an attempt to counter the frustrating tendency of governments to act primarily in short-term response to immediate demands, I have taken the time to outline some major directions which I feel state departments should pursue during the next biennium.

While the issues presented here are by no means a complete listing of the problems and opportunities facing Montana, they do represent areas upon which I expect the executive branch to focus major attention during the next several years. I hope that each state employee, as well as each citizen, will consider these initiatives and offer ideas and alternatives that will help us move toward more effective government.

To move toward these goals, state government must have effective management to bridge the gap between the setting of goals and their realization. Only if this capability exists, can state government continually direct its resources toward the most urgent problems and needs. No enterprise as large as state government can afford to make basic decisions in a casual or routine way.

The reorganization of the executive branch and the development of a new planning and budgeting format will provide a firm foundation for making further progress in the management of state government. The next step is to make improvements in the decision-making process which takes place within the structure provided by executive reorganization and the planning-budgeting cycle.

Major policy decisions of state government are made in a biennial (or annual) cycle, in which the executive branch develops and reviews plans and budgets for submission to the Legislature. During the 1977-79 policy cycle, the areas mentioned in this document should be emphasized.

All departments of state government will be asked to prepare program plans, including evaluation of performance and assessment of future needs, to serve as a basis for making budget requests. Anticipated possible reductions in the rate of growth of state revenues and rapid inflation in the cost of delivering state services make program planning and evaluation especially crucial. Since resources allocated for present programs constitute the largest single resource that can be redirected to meet the state's most urgent needs, for new or expanded service levels, more emphasis must be given to setting priorities which reflect careful and considered choices among new and old programs. Reflecting this need, greater emphasis will be placed on developing performance criteria for all state programs.

In some cases, the new directions that emerge during the analysis and evaluation of programs will require legislative changes in addition to plans and budget requests. All of these related parts — plans, budgets, and legislative proposals — should be presented as a unified package, rather than parceled out to specialists who work in isolation. I urge department heads to make sure that their planners, budget staffs, and legislative development personnel are working together to produce a coordinated set of program proposals.

If we work together in such a fashion, we can be assured of continuing the progress made to date.

Sincerely,

THOMAS L. JUDGE

Governor

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GENERAL GOVERNMENT

Like most other parts of the nation, state and local government in Montana has experienced a significant growth in the rate of expenditures during the past several years — partly in response to the expressed needs of its citizens for new and expanded services, partly as a result of new programs mandated by the Federal government, and partly in response to a desire for a general improvement in the manner in which public resources are managed. It is pointless to argue whether such growth in and of itself is good or bad; what is needed instead is an intensive effort on the part of the executive branch, the Legislature, and the general public to ascertain whether Montana's public resources are being utilized efficiently and whether the services paid for by these resources are adequately achieving their purposes.

Such an effort has in fact been underway, particularly since 1973, but to date results have been mixed. The primary emphasis, therefore, in preparing and analyzing the 1977-79 executive budget must be placed on answering these questions:

- -To what degree is state government efficiently utilizing tax dollars?
- —What level of effectiveness is being realized in the process of delivering state services to the target recipients?

Based upon the answers to these questions, the paramount issue which must be addressed by all planning and budgeting efforts is how efficiency can be increased (thereby resulting in reduced expenditure levels) while at the same time maintaining an optimal level of service effectiveness.

As part of this process, department personnel should not hesitate to ask whether a particular program or service is appropriate to state government. Indeed, such a question has been continuously posed during the Executive Planning Process and should continue to be asked during the preparation of the executive budget and the subsequent legislative deliberations on that issue.

While the program planning and budgeting system currently being designed (and of which these policy initiatives are an integral part) will greatly facilitate such an assessment process, there are several specific items that state agencies should pay particular attention to.

Growth in State Government Employment

Historically, the cost of government in general, and of personnel services in particular, has been an important concern both to elected officials and to the public they serve. Since the largest component of Montana State government operational expenditures is for personnel services, any serious efforts directed at reducing the growth of state costs must inevitably deal with this issue. It should be emphasized, however, that any efforts to trim the size of the bureaucracy must start with an examination of the validity and effectiveness of the programs involved. Employees are the major resources contributing accomplishment of an agency's mission; therefore, whether that mission can still be



The state's Data Processing Center was installed in August 1975 at a cost of \$1.7 million. It serves all state agencies except the Department of Highways and the Office of the Superintendent of Public Instruction. There are 15 teleprocessing units in use in other areas of the state which connect to this main computer.

(Mont. Dept. of Admin.)

accomplished with fewer staff members is a question which must receive careful scrutiny before decisions are made to reduce personnel.

During the 1960's, state government employment increased at an average of 4.6 percent per year, compared to an average growth of 1.1 percent per year in total employment. Between 1970 and 1975, however, this relationship was altered significantly: the rate of increase in state government employment during this period dropped to 3.1 percent per year, compared to a 3.0 percent per year increase in total employment.

In order to achieve the objectives of reducing the increase in cost of government and maintaining a proper balance between state government and the private sector upon which it depends, total authorized positions in state government during the 1977-79 biennium will remain at the same level as in the current biennium. This policy of no growth in full time equivalent employees will not be uniformly applied to individual programs or agencies, but it will be applied to total state government employment in the executive budget recommendations.

Public versus Private Provision of Services

In order to provide a rational basis for program analysis under the above growth limitations, the following principle should be applied: free market solutions are preferable to government action. This means that government programs should be eliminated where the free market can now safely and effectively meet public needs; direct financial assistance to individuals to meet their own needs is preferable to other forms of governmental intervention; and reliance on purchase of services from private non-profit vendors or assistance to local government agencies is preferable to a direct state role where the effectiveness of the service is not hampered.

Executive Reorganization

Stagnant governmental organizations are a barrier to the cost-effective management of services. Because their responsibilities are often changing, agencies should continually evaluate their internal organization and make adjustments to improve services, cut costs and consolidate programs. The prompt utilization of internal reorganization techniques reduces the probability that large scale reorganizational changes will be necessary at a later time.



The Sam W. Mitchell Building was constructed in the Capitol Complex in 1948. It houses the Departments of Administration and Revenue and the State Auditor's Office. (Mont. Dept. of Admin.)

At the same time, the larger process inter-departmental reorganization should not be considered as completed. The existing state organizational structure should be periodically reassessed to determine whether, in the light of new changing conditions, problems or functional realignments which cross departmental lines should be proposed. In keeping with this concern is the need to stimulate both formal and informal communications across boundaries. A better understanding of common as well as unique problems should be the objective, along with a more effective application of resources to the search for solutions.

Productivity Improvement

Productivity improvement in the private sector has been an important economic issue for decades, but only recently have efforts been initiated to assess its significance in government operations. Productivity is usually defined as the efficiency with which a unit of output is produced by the resources utilized in the production process. The ratio of outputs (goods and services) to inputs (capital and labor) is the usual definition of a *measure* of productivity.

The rate of productivity improvement is of critical importance to economic health, because of its influence on the rate of inflation. Low rates of productivity growth coupled with escalating wage demands can contribute significantly to an increasing rate of inflation, thus negatively influencing the the standard of living. Given this significance, as well as the impact of government activities on national and state economies, the issue of productivity improvement in state government deserves increased attention. Steps must therefore be taken to develop realistic measures of productivity and then to increase its rate of improvement in Montana. It is of critical importance that Montana's state and local governments increase the quantity and quality of public service provided per dollar invested; a better understanding of the role of productivity will greatly increase the chances of achieving this goal.

Long Range Building Program

The massive state building program of the 1960's has established a physical plant which meets most of the basic state program requirements anticipated in the 1970's and 1980's. With the leveling off of higher education enrollments in the 1970's and projected declines in the 1980's, and with reductions in institutional populations, the need for new construction should be substantially reduced during the 1977-79 biennium.

In view of these enrollment and population changes and a critical need to reduce government expenditures, only those major new facilities which are critically needed and for which there is no alternative will be authorized. In addition, agencies are encouraged to consider innovative ideas that will allow underutilized facilities to serve new purposes and meet changing demands, and at the same time, assure the protection of the state's investment in its facilities.



The Cascade County K-9 Academy near Great Falls offers the opportunity for statewide training of police dogs and law officers in all phases of canine service. The facility was dedicated in 1972 and was built with \$113,000 of federal, state and local funds.

(Mont. Board of Crime Control)



The state penitentiary in Deer Lodge was constructed in 1889 as Montana's territorial prison. It will soon be replaced by a new state prison, which is under construction at a site about eight miles away. The new facility is scheduled for completion in December.

(Mont. Board of Crime Control)

COMMUNITY AFFAIRS

The potential exists in some Montana communities for experiencing the consequences of unplanned growth — declining neighborhoods, inner city deterioration, and suburban sprawl. At the same time, many of the state's rural areas and smaller towns are faced with another grim potential — decline and deterioration as a result of population loss. Aversion of both of these trends is of great concern to this Administration.

Much of this potential has resulted from regional and even national trends outside the control of the state. While significant progress has been realized, much serious planning, especially at the local level, still needs to be devoted to reversing or at least arresting the effects of these trends within the state. Montana has started to focus attention on the task of improving the capability of local governments to respond to such problems, but much remains to be done. Outdated procedures and structures which constrain the ability of communities to act remain in force, especially at the state level. Local governments are expected to deal with the many serious problems which confront them daily, but are not

provided with adequate authority or sufficient financial resources. In the meantime, the physical deterioration of our communities continues.

It is time for state government to stop treating our communities as stepchildren and start identifying them as partners. There is little doubt of the importance and immediacy of the issue: it is imperative that local governments, the state, and the federal government join together in searching for solutions to the problems which plague us all. This kind of partnership, however, will require massive readjustments in the attitudes and methods of operation at all levels and especially at the state level.

Citizen participation is the cornerstone of a strong and representative democracy. Such meetings as this one involve many Montanans in the process of open and public government where representatives are held accountable for their choices.

(Mont. Board of Crime Control)

The people of Montana are to be commended choices. (Mont. Board of Crime Control) for already committing themselves to such an undertaking. A comprehensive program of local government modernization is underway, with city, town, and county study commissions, and local communities working to implement the local government article of the 1972 Constitution. Much progress has been realized to date and by 1977, a significant milestone will have been reached as a result of the Voter Review process. However, if our communities are to preserve their environment, grow economically, and meet the challenges of the future, they must enjoy three conditions: increased financial assistance; more technical and administrative assistance; and broader power and authority to deal with their own problems. It is up to the state to join with local governments to design and develop policies and programs which will meet these needs.

Accordingly, state government must increasingly involve itself in several areas of activity during the next several years if the modernization process at the community level is to continue.

Local Government Modernization

The following steps should be given the utmost consideration in any efforts to improve the functioning of local government.

1. Local governments must be granted sufficient authority and flexibility to enable them to

- contend with the challenges of the future. Local jurisdictions must be encouraged to adopt self-government powers and the Legislature urged to approve a flexible local government code.
- 2. Effective local government structures must be created. It is essential that forms of local government be adopted that provide for representativeness, effective and professional management, and accountability.
- 3. Methods for improving local government management should also be developed. Improved formal and in-service education and training opportunities in particular must be made available to local officials and employees. These should be accompanied by increased technical assistance services by state government agencies.
- 4. Efforts must be made to insure that services delivered by local governments be accomplished in a coordinated manner. Such efforts must be based upon a rational and comprehensive functional assignment policy.
- 5. There must be a balanced system of state and local finances. It is imperative that the fiscal impacts of state and local activities on each other be constantly assessed and adjusted so as to assure equity and maximum efficiency. In particular, local jurisdictions must be granted more flexibility in raising revenue from sources which are more responsive to economic growth than is currently the case.

Community Development

Of paramount concern here should be the preservation (and in some cases, the improvement) of the social and environmental well-being of our smaller, rural communities and the pursuit of a policy of "urban conservation" in our larger population areas. (By urban conservation is meant the utilization of existing structures and facilities whenever possible through a process of preservation and improvement of such structures.) The following initiatives are directed at meeting this concern.

- 1. Montana should take steps to encourage an orderly development process at the community level and make certain that state agency activities have a minimum negative effect on such a process. In those areas where it is a problem, the state should develop and apply an urban growth policy which influences residential, commercial, and industrial location.
- 2. Natural forces in the housing market have resulted in an acute shortage of single-family dwellings. The state must play a more forceful role in not only providing low and medium cost housing, but also to assure that such housing is available to low and moderate income families.

As these policy guidelines are implemented, the process of the modernization of Montana's communities will have begun in earnest. Local governments will be allowed — indeed, encouraged — to have as much flexibility as possible to carry out a maximum number of duties within the broad policy goals established by the state. Our communities will truly be able to develop their capabilities to match their new responsibilities.

THE ECONOMY AND THE ENVIRONMENT: A QUESTION OF GROWTH

To a considerable degree, the discussion concerning economic policy in Montana during the last several years has too frequently been characterized as either pro-development/anti-environment or anti-development/pro-environment. For many people this situation presents a dilemma — they want to maintain Montana's clean air and open spaces, and yet they also desire the opportunities they perceive in economic growth. There are indeed complex trade-offs involved, but we must not be led into submission to the philosophies of either the doomsday environmentalists or the "no holds barred" developers. Since Montanans are not well represented by either extreme, we must chart our own economic future. The basic question is really one of what is desired for whom.



Some of the worst effects of strip mining are apparent in this view of the Kaiser Resources Coal Mine about 150 air miles north of Libby on the Eik River in British Columbia. The mineral tailings from this mine empty into the Kootenai River which crosses the international boundary north of Libby.

The site of the proposed Cabin Creek strip mine is the same geologic formation and would allow mining operations of similar magnitude.

(Mont. Dept. of Fish & Game)

Montana is no longer a remote island in a sea of plenty. Beset with a global food and energy crisis resulting from shortages of water, rapid population growth, and rapid depletion of fossil fuels, both the nation and world are exerting new and significant demands on Montana's agricultural and energy resources. This increased importance of Montana resources offers us a new opportunity to assess the economic future we desire, and dictates that a coordinated effort throughout government and the private sector be made to realize that future.

Any economic development program should be based on a realistic view of the role of government. Unlike the federal government, state government does not possess the policy and programming tools necessary to effect short-term changes in levels of employment, income, production, and prices. This fact must be accepted and state job development activities must reflect concerted efforts to shape those long-term factors that can insure the existence of adequate employment opportunities.

Economic development and environmental management policies must be formulated within a specified aggregate growth goal framework. Simply stated, the goal of this Administration is to create job opportunities at a rate sufficient to provide employment for all Montanans. Should economic development occur at a faster rate, growth must be managed in a manner which maintains the levels of environmental and social qualities desired by the people of this state. Existing efforts within state government must continue to develop alternative growth goals and accompanying plans for managing such growth.

Within this overall growth goal we must identify areas suitable for increased economic growth and activity, taking into consideration the existing economic base, availability of materials and energy, labor



This mountain wilderness eight miles north of the Montana border in British Columbia is the site of the proposed Cabin Creek coal development. It is feared that the chemical residue resulting from expected mining operations will pollute the north tork of the Flathead River which forms the west boundary of Glacier Park and feeds Flathead Lake.

Some of the anticipated environmental problems associated with the mine include a severe decline in water quality, air pollution and excessive commercial development—all of which will adversely affect Montana.

(Mont. Dept. of F&G)

market factors, transportation, existing market demand, and pollution control requirements. Economic growth and activity will be encouraged in those areas that possess underutilized human and natural resource capabilities and are desirous of increased growth and activity.

Increased attention must be devoted to reconciling the skills of Montana workers with the requirements of jobs created. Potential new industries must be examined in terms of existing occupational skills. This policy dictates selective job creation as well as refined occupational training. Job creation must further be examined in terms of the level and the variability of the incomes provided. Industrial recruitment efforts should attempt to provide additional stability to the economic base of the state and to attract industries which pay wages higher than the current state average.

Economic development programs must be created in an atmosphere of reality. Factors within state control — taxes and environmental regulations — usually rank far down the list in the minds of managers making plant location and expansion decisions. More important factors are those that have a greater impact on profits: resource availability, accessibility to markets, and transportation rate structures. The recent increase in the demand for Montana's agricultural and energy resources changes our comparative advantage in light of these factors, and we must dedicate our efforts toward realistic development opportunities which build upon these advantages.

Agriculture

Montana's economy is primarily resource based; the dominant and most sustainable basic economic sector is agriculture. This fact suggests several actions. First, we must take effective steps to preserve our agricultural land base. This will require fresh initiatives in the area of land use planning to overcome the objections that have frustrated previous legislative proposals.



Total cash receipts to Montana farmers from the sale of livestock and crops was just over one billion dollars in 1975, according to U.S. Department of Agriculture figures.

Second, we must take a hard look at the potential for additional crop production through increased irrigation. We must examine the factors that might favorably influence investment decisions in irrigation systems. Increased irrigation will require greater emphasis on water resource planning to reconcile the many competing claims for Montana's water resource. We must also be concerned about uses of irrigation technologies that require high energy inputs due to unstable prices and diminishing supplies during the life of the investment.

Third, with Americans seeking alternatives to beef as a source of protein in their diets, and with wool becoming more competitive compared to petroleum based, synthetic fibers, sheep production should be increasing. Montana sheep production, however, has declined from 1.5 million in 1963 to 650,000 in 1975, largely as a result of decreasing effectiveness of available predator control measures. Livestock losses from predation and disease must be the focus of new attention.

Finally, a review of agricultural technology should be completed and marketing opportunities (especially international) should be examined. Montana State University and the Montana International Trade Commission are resources that can supplement the Departments of Agriculture and Livestock in this endeavor.

Energy

National and international pressures are causing a shift in United States energy consumption patterns away from oil and gas and back to coal. These pressures are well known: diminishing supplies and increasing costs of oil and natural gas; instability of foreign petroleum supplies; high capital costs of



The 'Big Sky Mine' near Colstrip has been operated by the Peabody Coal Company for the last eight years. Over the entire state about 21 million short tons of sub-bituminous coal were extracted during 1975 for a total return of \$105 million. According to the Bureau of Mines in the U.S. Department of the Interior, this was 19 per cent of the value of total mineral production, including oil and natural gas in that year.

(Mont. Dept. of F&G)



The Western Energy coal mine at Colstrip.



Strip mining reclamation project in process.



The Square Deal coal mine northwest of Roundup is no longer in operation and the 7.6-acre area is being reclaimed.



Montana Power's Colstrip #1 and #2—coal fired steam generating plants.



A reclamation project tollowing open-cut bentonite mining in southeastern Montana.



An aerial view of the mining and power production operations at Colstrip.

electrical generating facilities; and federal government policies which stress the substitution of secure, low-cost, domestic coal for insecure, high-cost, foreign oil. Additional constraints, particularly air quality considerations around major industrial and population centers, make it probable that much of the new coal development activity will take place in Montana which has large supplies of clean burning, low sulfur coal.

Because of the magnitude of the demand for increased coal resources and Montana's supply capability, it is important that a plan be developed which will provide guidance for the development and utilization of Montana's reserves. The state has an obligation as part of the nation to contribute its share in maintaining a satisfactory standard of living. However, a detailed assessment of the state's own needs — in terms of energy, the economy, and the environment — deserves primary consideration in the development of such an energy plan.

Declining Canadian natural gas exports to the state and dramatically increasing costs of the supplies available provide a second major stimulus to energy planning in Montana. Our most immediate response to natural gas shortages can be an all-out conservation effort and the conversion of some industrial users to alternative energy sources. In the long run, since it is unlikely that adequate natural supplies will be found, "exotic" forms of energy such as solar, wind, and synthetic production of natural gas must be seriously considered. The needs of Montanans are paramount and energy development must be supported to meet the projected needs of Montanans.

The Legislature has required and the Governor has directed that a comprehensive energy and growth policy be developed for the state before further energy production proposals are considered. This policy, developed within the framework of the above considerations, will provide a firm basis for planned development of coal which is becoming one of our more valuable economic resources.

It should be noted that there are many potential conflicts — particularly demands on water and air quality — implicit in the agricultural and energy development opportunities cited above. In considering the trade-offs involved in any resource development proposal a balance must be sought between non-renewable and depletable resources such as fossil fuels, particularly coal, and the renewable resources



Rock Creek near Missoula is one of the state's dozen or so 'blue ribbon' trout streams. Recently a cyanide leaching operation on a small tributary called Sluice Gulch was temporarily halted and the natural beauty of the waterway was preserved.

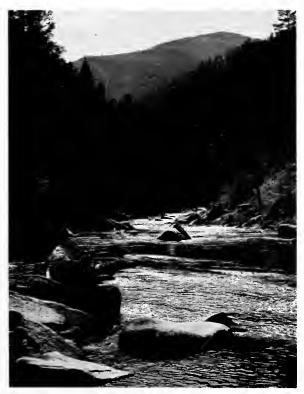
such as forests, water, wildlife and agriculture. When potential conflicts arise we must bear in mind that renewable resources can be managed under a concept of stewardship to produce a sustained yield for future generations.

Environment

A third major resource in Montana is the quality of the environment. Although it offers much less potential for immediate impact on the economy, it is most important for consideration here. One need not wander far from our borders to realize that clear water, clean air, open spaces and an abundance of fish and game are no longer readily available to the majority of Americans. Many Montanans have chosen to accept a portion of their paychecks in the intangible form of a unique way of life conditioned by superb natural surroundings. Hunting, fishing, hiking, camping and skiing are Montana's substitute for pursuits more indigenous to large urbanized states. Not only will the value of Montana's environment grow in relative importance, but its uniqueness will increasingly attract outsiders. We must therefore guard against the so-called "Oregon effect," where environmental and growth policies have attracted national attention and resulted in accelerated growth, just the opposite of the desired result. In applying the what and for whom questions to the environment, we must extend our thinking beyond the brief time frame traditionally used for economic analysis to the time horizon of future generations.

The environment is a public good belonging to all citizens, now and in the future. It is erroneous to expect any form of adequate private market solution to the provision of environmental quality when the environment is not privately owned. It is the public nature of the environment that requires state government to serve as the guardian of environmental quality in accordance with the desires of the citizenry.

The complex and dynamic interrelationships which exist among state government activities, the economy, and the environment must be thoroughly analyzed. Montana must develop individual policies



Water, one of Montana's priceless natural resources, plays an essential role in all of the state's major industries including agriculture, mining and tourism.

(Mont. Dept. of F&G)

and programs within a growth planning framework. We have recently enacted legislation which will facilitate protection of the environment. In the days ahead tradeoffs will be required and difficult decisions will be made, but if alternatives are continually analyzed within the context of the what and for whom benchmark, the overall welfare of our people will be enhanced.



This skier enjoys a clean and invigorating mountain environment while at the same time contributing a share of the \$300 million which travelers leave in the state each year.

EDUCATION

Montana's concern for the future is reflected in the high priority it has placed — and will continue to place — on education. State government spends roughly one-fifth of its General Fund revenues to support elementary and secondary schools in Montana, a large portion of which is transferred directly to local school districts. The state also commits substantial public resources to higher education. When this support for the university system is added to the elementary and secondary monies and assistance for various intellectual and cultural enrichment programs, the total dollars spent on education in Montana constitute approximately forty percent of the resources available in the state General Fund. Given this significant expenditure, we must focus particular attention on the effective management of the state's educational resources.

The basic trends in enrollments at both the elementary-secondary and higher levels of education appear to be stabilization and decline. The birth rate has been decreasing in Montana since 1957. This trend has already been reflected in a declining elementary school (grades 1-8) enrollment. Whether it will be manifested in the higher education system in the future is questionable. While available evidence suggests that the demand for traditional higher education on the part of recent high school graduates will decline in future decades, it is also true that changes in clientele groups may be occurring. More older students, especially women, are seeking campus opportunities at all levels of higher education. Strong efforts are being made to bring education to groups in all geographical areas. Without counting



Montana's school children—lively and alert—are the state's greatest resource. Approximately 171,000 will be enrolled in grades Kindergarten through 12 during this school year. (OSPI)

continuing education and extension programs, enrollment increased in the Montana University System by an average of six percent per unit, a total of 1,526 students, between the 1974-75 and 1975-76 school years.

If enrollments in the colleges and universities do in fact decline, the implications would be numerous, the most important being excess capacity in physical facilities at all levels; financing difficulties as educational costs continue to rise while enrollments decrease; and problems in the ability of institutions to be innovative in responding to needs and demands for new programs. It is therefore imperative that intensive efforts be made to develop more precise enrollment projections, looking as far into the future as 1990. Only with such projections available can rational decisions be made today on all facets of the University System's operations and needs.

At the same time, careful attention must be devoted to planning so that scarce resources are efficiently used. In the short run, this means continual review of the role, scope, and programs of the units of higher education. In addition, collaboration and innovation among university system units must be encouraged.

These and related trends demand that a stronger and more sophisticated capacity for the systematic

evaluation of educational programs must be developed. Additional time and effort must be devoted to identifying the results expected from expenditures of tax dollars on educational programs. Examples of the types of efforts required for improved management of educational resources in Montana include:

- A long-range plan for a coordinated system higher education, including both public and private institutions. This should include a comparison between the projected outputs of higher education programs and expected future occupational patterns in Montana, while recognizing at the same time that higher education does more than prepare people for jobs.
- 2. The development of a coordinated system which will provide Montanans with appropriate opportunities for vocational, technical and general continuing education and training. Montana is entering an era of postsecondary educa-



Out of the total number of school-age children in Montana, about five per cent attend classes on or near Indian reservations. These schools are part of the public school system and are governed by local boards of trustees like all other community schools in the state. (OSPI)



This student at the Montana College of Mineral Science and Technology in Butte is one of over 1,000 undergraduate and graduate students in engineering and related science fields. Originally called the Montana School of Mines, Tech first opened its doors in 1900.

(Mont. Dept. of Higher Ed.)

tion in which there will be a need to plan for education beyond high school in a comprehensive manner, taking into account all forms of postsecondary education. The emphasis should be on increased continuing adult educational opportunities and should support the geographic and occupational patterns of economic development that are likely to emerge in coming years.

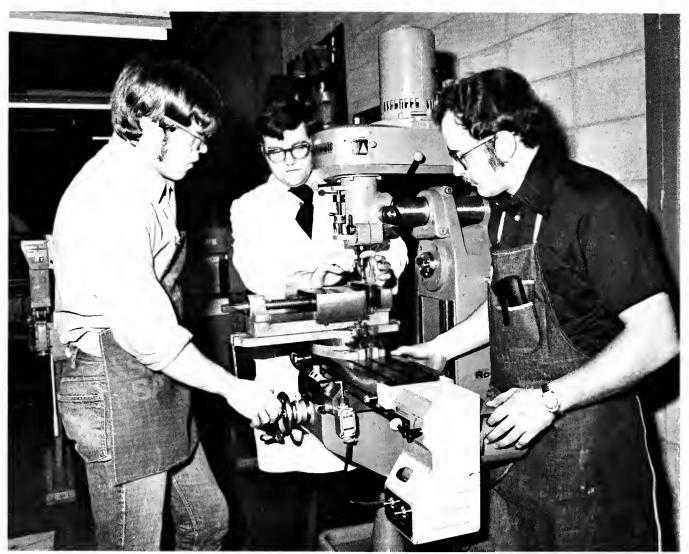
- 3. In the contemporary world of shrinking energy resources, new ways must be found to provide heat, light and power. The university system should play a major role in Montana's efforts to arrive at solutions to these problems.
- 4. Programs must be designed and implemented to help Montana school children attain reasonable levels of proficiency in reading and mathematics.
- 5. A plan should be devised which encourages maximum use of school facilities for non-school purposes when such resources are not being fully utilized to fulfill their primary educational purposes.

Solving the problem of reading and writing difficulties among children and adults in Montana is an extremely important challenge, since reading skills are basic to other aspects of education and to the ability of an individual to participate fully in the economic, political, and cultural life of the state and nation. An effective response to this challenge is critical and will require widespread commitment and participation by many segments of Montana society, including professional educators and administrators, school boards, parents, librarians, and other citizens.

In summary, it is appropriate to paraphrase a statement by the Post-secondary Education Commission: while it is impossible to determine the precise impact of current trends, the future of education in Montana will differ markedly from the past. Simply conducting business as usual will not make the new realities disappear; yet, change for its own sake should also be avoided. The assumption, however, that old responses will be adequate for new problems and opportunities is dangerous. The choice that confronts the people of Montana is whether to begin to prepare for future conditions of the 70's, 80's, 90's and beyond, or to let ourselves drift into the future locked into historical patterns which fail to address the real needs of our times.



These Montana State University students are taking class notes in a recently completed auditorium lecture hall on the Bozeman campus. MSU and the other five units of the university system together received over \$62 million from the state general fund budget for operations during the 1975-77 biennium.



Training for Montana's vocational education teachers is just one of many programs offered through the Montana University System. The continued strong demand for vocational-technical training programs means these two prospective vo-tech teachers will probably get the positions they're looking for when they graduate. (Mont. Dept. of Higher Ed.)

HUMAN SERVICES

The purpose of the human services system in Montana is to assure each and every resident of the state a social and physical environment in which the opportunities for human growth and development are maximized. This can be accomplished by providing direct and ready access to human services of a quality which promotes such opportunities.

Just under forty percent of Montana's General Fund revenues are spent for various income maintenance, social and health services, and institutional programs. Given this significant expenditure, increased attention must be devoted to the management of these programs. In particular, special concern should be focused on the following matters.

Administration

Currently, components of Montana's human services system are contained in several agencies of state government, a fact which often makes effective coordination and management of the system's resources and programs difficult. This condition can negatively impact on the calibre of service delivery and the accessibility to services on the part of clients. Correcting any deficiencies resulting from such a situation is of the utmost importance. The improvement of system coordination and program linkages from both intra- and inter-agency perspectives should therefore receive special emphasis in agency planning and budgeting efforts.

Citizens are increasingly asking whether any real improvement can be observed in the system's operation and its impact on individual clients. In order to better answer these questions, improvements

in the planning (or resource allocation) and evaluation procedures utilized by human service programs are imperative; goals and objectives must be clearly stated and understandable evaluation mechanisms must be established to measure a program's progress towards achieving those goals and objectives.

Community-based Care and Treatment

The process of providing community-based care and treatment as an alternative to institutional care for Montana's mentally ill and developmentally disabled patients has been and continues to be a policy of the utmost importance. With the cooperation of the Forty-Fourth Legislature, the process



This young developmentally disabled boy is one of 13,985 Montana children who are now going to school in their local communities with the help of Special Education programs funded through the Office of the Superintendent of Public Instruction.

was initiated with a significant level of funding and has so far made great strides towards success. But much remains to be done, especially in the areas of preventing inappropriate institutional placements.

Community-based programs should continue to be developed which will allow patients to receive care and treatment in the least restrictive setting possible. Such efforts will continue to receive vigorous encouragement and support by this Administration.

The methods and techniques utilized to further this process to date should be intensively evaluated in order to gauge their effectiveness in achieving the objectives of the program. Adjustments should be made as needed, and future planning should take them into account.

Attention should also be focused on extending the principle of providing care and treatment in the least restrictive manner possible to other institutional programs, particularly in the areas of aging and juvenile rehabilitation.

At the same time, the physical conditions and staffing needs of Montana's institutions should not be neglected. While overall planning should be based on the least restrictive alternative concept, improvement of the conditions of our institutions in those cases where institutional care and treatment continues to be appropriate is of paramount concern. Again, the 1975 Legislature approved a program of improvement and this effort will continue to receive strong support.

Juvenile Rehabilitation

The area of juvenile corrections and rehabilitation is one that has not received special attention recently but is nevertheless of critical importance. The quality of care and treatment in this program has a direct and significant impact on almost every other human service activity, particularly that of adult corrections. For too long, a major result of the juvenile corrections system nationwide has been to produce clients for the adult corrections system. The time has come to call a halt to this process. The concept of providing diagnostic, detention, and rehabilitative treatment services for youth-in-trouble in the least restrictive setting possible should be applied to this system.

This can be accomplished in a variety of ways. First, the national strategy which calls for early identification of delinquent youth and treatment in community-based programs should be fully supported and implemented in Montana. State correctional authorities, moreover, should take advantage of opportunities to establish community programs utilizing the resources of state or local social service agencies as alternatives to long-term incarceration. And finally in those cases where institutionalization



One of six youth facilities in the state, Mountain View School is a correctional center for delinquent girls, ages 10-21, who are placed there through court referral.

is unavoidable, improved treatment methods should be designed and implemented. Whenever possible, these methods should incorporate rehabilitative procedures which stress strong interaction with the community.

Social Services and Income Maintenance

The key concepts in this area should be adequacy, efficiency, and accountability. In income maintenance programs, special emphasis should be placed on the development and utilization of new technologies designed to reduce the cost of administering the various activities while providing for an adequate minimum standard of living for eligible clients. In the social service area, a plan should be devised which will provide for a more efficient approach to service delivery at the community level. In particular, alternative approaches to service delivery should be analyzed.

As for accountability, better methods for assessing program effectiveness must be devised. Given the growth potential in the various public assistance caseloads, it is increasingly important to be able to determine if current assistance and casework methods are helping clients move from a state of dependency (on welfare) to one of non-dependency (off welfare). Such information can provide resource planners with a much better idea of the potential growth rate of assistance caseloads. With the prospect of limited revenues in the future, such information is of critical importance.

Health Services

A recent definition of good health describes it as a "state of physical, mental, and social well-being and the ability to function, and not merely the absence of illness or infirmity." As this description suggests, the primary emphasis of the public health program in Montana should be placed on preventive and educational services. There are four broad factors involved in influencing the health of our citizens. Only one — biological — is not generally susceptible to control. The other three factors — the quality of the environment, the calibre of our health care systems, and the nature of the risks we take that are associated with our life styles — can be greatly influenced by public and private actions.

Significant progress in reducing environmental pollution, a better organized and operated health care network, and increased education related to individual behavior patterns which lead to unnecessary risk taking — such steps can have a substantial impact on improving the health status of Montanans. For example, the leading causes of death in the nation at the present time are heart disease, cancer, stroke, and accidents. All of these can be influenced by either improving the quality of our environment or changing our behavior patterns. It should be the primary purpose of Montana's public health system to initiate the steps which will produce these results; where such steps have already been taken, the concern should be with sustaining a high rate of progress.

Aging Services

The problems of Montana's older citizens are of particular interest and concern to this Administration. An estimated 107,000 persons sixty years of age and older currently reside in the state; by 1980, the aged population is expected to increase by more than 10,000 residents. Most of these older citizens have resided in Montana for most of their lives and are justifiably proud of the contributions they have made to their state and nation. All of them wish no more for themselves than the opportunity to continue to lead their lives with dignity and in a state of independence. It is critical that we provide them with as much support and assistance as possible in the attainment of that goal. We can accomplish this in several ways: (1) by helping those over sixty to make the best possible use of their resources; (2) by providing supportive services which will enable them to remain in their own homes; (3) when they cannot be so maintained, by making certain that facilities and programs offered by Montana nursing homes meet the highest standards possible; and (4) by offering opportunities for meaningful service and participation in community life.

The implementation of such an approach will do much to insure that elderly Montanans are accorded the respect and gratitude they so richly deserve.



Like many other local policemen in Montana, a part of this Great Falls officer's daily routine includes guiding and protecting the state's school age children.

(Mont. Board of Crime Control)

PUBLIC SAFETY AND PROTECTION

Public Safety and Protection in Montana covers a wide range of state government activities, all directed at the protection of persons and property. Included are such activities as highway traffic safety, consumer protection, personal safety protection, the protection of civil and constitutional rights, and criminal justice support activities. As in other areas, the basic concern is for improving the efficiency and effectiveness with which the various activities are carried out. An ongoing effort is needed to provide state, local, and federal uniformity in providing public safety and protection. Particular attention along these lines should be focused on the following areas.



The cost of sign maintenance on over 12,000 miles of Montana's primary and secondary roads is almost \$1 million per year in state and county funds.



These crosses were placed along U.S. 2 between Libby and Kalispell to mark the multi-fatality site on a stretch of unprotected lakeshore. (Mont. Highway Dept.)

Criminal Justice

According to the Montana Board of Crime Control, Montana experienced a 13.1 percent increase in the number of criminal offenses over 1974. When compared with population data, the increase of offenses per 100,000 population was 11.2 percent. Crimes against property account for the majority of the volume increase; crimes against persons increased 33.8 percent. At the same time, 27.3 percent of the total 1975 offenses were cleared by arrest during the year, as compared with a 23.8 percent clearance by arrest rate for 1974.

Given this significant rise in the number of crimes (particularly those against property) and only a proportionately small increase in arrests, there exists an obvious need to streamline the clearance by arrest process. At the same time, personal rights of privacy in the collection, retention, use and distribution of

information cannot be abused. In response to this concern, the Montana Justice Project has organized task forces covering the entire criminal justice system — police, courts, corrections, community crime prevention, and information systems. These task forces are drafting minimum standards for each of these disciplines. Efforts in this area should be directed toward encouraging the public as well as agencies to actively participate in a dialogue on these proposals.

The salaries, training and qualifications of peace officers, as well as the sheer numbers of such officials, heavily influence the effectiveness of our criminal justice system. Through the Police Officers Standards and Training (P.O.S.T.) council, Montana has developed and implemented minimum requirements for employment of city police, county sheriffs and state Fish and Game wardens. Mandatory training requirements were enacted by law in 1974 and training schools are held throughout the year at the Montana Law Enforcement Academy in Bozeman. P.O.S.T. is a program which is absolutely essential to the effective and fair administration of justice at the community level and should be vigorously supported by the state. Efforts should also be made to include criminal justice personnel from other agencies such as Highway Patrol, Livestock Brand Inspectors and the Department of Institutions' Probation and Parole Officers under P.O.S.T. or another uniform personnel development system.

At the community level, a substantial need exists for the overall renovation or reconstruction of jails, both in terms of physical facilities and rehabilitation and treatment programs. In addition, sufficient authority should be delegated to state agencies with monitoring responsibilities to enforce and maintain adequate facilities standards. The Jail Survey conducted by the Board of Crime Control in December 1971, should be updated and utilized as the primary guidance in this area. Trends that should be encouraged include consolidation of detention facilities and the development of minimum security facilities to provide incarceration and rehabilitative treatment for youth in trouble.

Consolidation of law enforcement efforts is a process that is being pursued in many counties



Dedicated this past summer, this new Livingston/Park County government offices building contains both a jail and courtroom. The structure was completed with the help of \$40,000 of state, local and federal funds.

throughout the state. Continuous reexamination with regard to coordination and reorganization is a trend that promoted efficiency and effectiveness and should therefore be encouraged in all other counties where appropriate.

Finally, the importance of involving the general public in crime control efforts is self-evident. If Montana's crime rate is to be significantly diminished, all citizens must feel it their duty to aid in preventing and reporting criminal behavior. Programs which promote such involvement should be designed in cooperation with local authorities and disseminated widely throughout the state.

Consumer Protection

State government in Montana has made some significant progress in the area of consumer protection during the past few years. However, more emphasis is needed to ensure that Montana consumers are better protected from illegal and unethical practices. It should be noted that such efforts do not imply an antibusiness program; in fact, business will benefit from measures taken to protect the public through a well-informed, conscientious consumer.

Currently, consumer protection resources and activities are spread among several agencies in all three branches of government. There is no guiding strategy designed to concentrate these resources or coordinate the various activities. Such a strategy is badly needed. In addition, it is important that agencies in each branch of state government with consumer protection interests vigorously pursue those actions appropriate to their respective branch.

Accordingly, the Department of Business Regulation will be the "lead" agency in administering consumer protection laws for the State of Montana. The department should assume responsibility for coordinating all consumer protection activities in state government as well as serving as the principal advocate for the interests and rights of the Montana consumer with all state agencies.



(Mont. Board of Crime Control)

TRANSPORTATION: PROTECTING THE STATE HIGHWAY INVESTMENT

Transportation plays a critical role in economic development and should be viewed like any other activity that involves the use of economic resources. As a requisite of economic growth, Montana must assess the needs of its existing transportation system in light of projected future requirements. At present, Montana's transportation network consists of its highway system, limited mass transit, and infrequent rail and air passenger service. A thorough analysis of future transportation requirements may necessitate a modification of our approach to transportation planning from heavy dependence on highways to increased emphasis on other modes such as air, rail and interstate barge transportation.

In the meantime, Montana's heavy reliance on its highway system is reflected in current state expenditures. Approximately 16 percent of the total state budget (including all sources of revenue) is devoted to highways. Expected future gasoline shortages, the advent of the 55-mile speed limit, inflation, and reduced available funding dictate a modified transportation policy which is designed to best utilize available funds for the greatest number of Montanans.

In theory, highway dollar investments should be made so that each new project improves the effectiveness of the transportation system and yields new benefits to Montana citizens. In reality, however, the total benefits expected from the transportation system are not received. Twenty years of federally mandated emphasis on a still uncompleted interstate system has left Montana's primary and secondary highways in a deteriorated condition. Urban and other local roads have also suffered from distorted federal funding priorities.

In addition to federal constraints on the establishment of state transportation priorities, the historic lack of federal matching funds for highway maintenance has led to underfunding of this critical activity. Those benefits expected from a highway actually accrue in full only if its surface is properly maintained in the years after its construction. If the surface is not maintained, travel times are increased, safety hazards develop, wear and tear on vehicles increase, and water seepage will eventually break up the roadbed to a point where reconstruction is required.

A number of variables — in particular the requirements attached to federal aid — have created a situation that requires investigation into a major resurfacing policy as an alternative to the present primary emphasis on reconstruction. The recently enacted federal Highway Act begins to address this problem.

During the last ten years, 1,400 miles of new road have been added to Montana's Primary System, an increase in total system miles of 30 percent. However, Highway Department Sufficiency Studies indicate that the overall sufficiency of the Primary System has remained fairly constant — 61.8 percent sufficient in 1965 compared to 61.4 percent sufficient in 1974. Thus, the total highway system has not improved and older sections of highway are becoming obsolete as rapidly as new sections are completed: 1,842 miles were deficient in 1965 as compared to 2,340 deficient miles in 1974, an increase of 27 percent.

The reason for this apparent misallocation of resources is that state highway earmarked revenues, mainly motor fuel taxes, can be used as matching money with federal highway trust dollars for new construction, while maintenance must be 100 percent state supported. One dollar of state highway money can be used to buy one dollar worth of maintenance, or when matched with federal money, to buy \$11.35 worth of new interstate construction or \$3.85 worth of new primary and secondary construction.

The Highway Department's Needs Study for 1975-1994 indicates an immediate need for improvements on approximately 2,952 miles of primary highways at an estimated cost of \$681,991,000. The average cost figures in the study show a cost of \$295,000 per mile for reconstruction compared to \$45,000 per mile for resurfacing. The Needs Study thus clearly indicates a current practice of waiting until roads deteriorate to a point that requires reconstruction, rather than scheduling earlier resurfacing and other preventive maintenance.



U.S. 287 south of Cameron.

The Needs Study figures and suffiency data pose serious questions about the cost-effectiveness of past and present allocations of the state's highway revenues to new construction versus resurfacing and other highway maintenance.

The present condition of Montana's highways, the large amount of newly completed and planned highway construction, continuing road deterioration, and increased maintenance responsibilities necessitate that highway funds be regulated to ensure the highest quality standards commensurate with continuous cost-benefit considerations and safety to the motoring public. The benefits of each newly proposed highway project should be compared to the benefits which would be derived from repairing existing roads to determine the mix of new roads and resurfaced roads which would deliver the most service to the public. The cost-benefit analysis of a new highway project must include the costs of deterioration of the system (i.e., highways which break up





Montana 200 east of Sand Springs. The Montana state road system consists of 6,000 miles of secondary highways and 6,200 miles of primary roads which are constructed by the Highway Department. (Mont. Dept. of Highways)

because they were not resurfaced in time) as well as the actual construction costs. In many cases a new project will still offer more potential benefits, but the need to reallocate resources between new projects and protection of existing investments must be addressed.

Further, consideration should be given to the following areas in an effort to maximize the costbenefit relationship of the highway construction dollar:

- 1. Congress and the President should be urged to preserve the integrity of the Federal Highway Trust Fund when the current Highway Act expires in 1979. Renewed legislation in this area should be directed toward the apportionment of funds in such a manner as to allow the state's increased flexibility in the use of federal funds. This approach will permit Montana's executive and legislative decision-makers to respond more adequately to the state's particular needs. A portion of the federal funds should be available for reconstruction and maintenance of the Interstate system.
- 2. Analysis should be conducted of alternative methods of completing the Interstate system at an accelerated pace, as well as the upgrading of primary, secondary, urban and local roads. Various funding approaches should be carefully evaluated in terms of cost-benefit and life cycle considerations.
- 3. A proposal should be developed for presentation to the 1977 Legislature designed to clarify the currently ambiguous assignment of responsibility for regular maintenance of the state, counties, and municipalities. The federally ordered Functional Reclassification process should be taken into account in this effort.
- 4. A study should be conducted to determine if national standards now in effect for highway design are too restrictive and expensive for a rural state such as Montana.
- 5. The federal government should be further encouraged to reduce the excessive paperwork, red tape, and overhead requirements that the state Highway Department must comply with. These are too frequently excessively expensive and counterproductive.
- 6. An analysis of the current system should be performed to ascertain whether any of its service components could be more efficiently handled by the private sector or local governments.

Given the significance of Montana's dependence on its highway system, the state's other



Agriculture depends on Montana's transportation systems. (Mont. Highway Dept.)

transportation needs should not be overlooked. In the long-run, the state's interests will be best development of a balanced served by transportation system commensurate with economic development and population growth patterns in the state. The use of highway earmarked revenue funds, such as those appropriated by the Forty-Fourth Legislature in Chapter 515, Laws of Montana, 1975, should be evaluated to determine if the construction of facilities such as public transportation systems and airport development is a legitimate use of those funds. Montana's transportation planning must consider development of such systems in an effort to improve public transit service, reduce vehicular travel, and meet future transportation needs at a minimal cost. Montana's overall transportation systems must be long-range oriented and not be simply a myopic response to short-term demands.



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